Shareholder Update

Unaudited results for the half year ended 31 December 2014

Summary

Operating income for Tyro Payments Limited ('Tyro') grew to $15.6m for the half year to December 2014, an increase of 34% over the prior comparative period ('pcp'). Tyro continued its strategy of investing in its Engineering, Operations and Sales areas and ended the half year with a headcount of 160, an increase of 55 full time employees ('FTEs') or 52% over December 2013. This growth has been expensed within the financial half year under Tyro's current accounting policies, and is reflected in the overall operating costs of $14.3m for the half year, up 57% compared to $9.1m for the pcp. Tyro's net profit after tax ('NPAT') for the half year was $1.0m compared to $1.7m for the half year ended 31 December 2014.

From a transactional standpoint, in its 10th year of operations, Tyro celebrated a number of milestones for the half year, including:

- Exceeding $700m in transaction volume processed within one calendar month. Tyro processed $708m in transaction volume (excluding switching transactions for American Express) in the month of December 2014;
- Exceeding 50 million transactions in any 6 month period. For the half year, Tyro processed 52.7m in transaction volume with 10.6m transactions processed in the month of December 2014 alone;
- Processing a historical high of $36.5m in transaction volume within one trading day, as well as now transacting a peak of over $1.3m Medicare Easyclaim payments in one day.

Tyro acquired a total of $3.4b in transactions for the half year to December 2014, which is an increase of $0.8b or 31% over the pcp acquisition amount of $2.6b. This increase exceeded Tyro's target for the period.

Further notable highlights for the half year include:

- A total of 6.9 million Medicare Easyclaim transactions processed for the 6 months to December 2014, an increase of 0.9m (15%) over the pcp;
- Active merchant EFTPOS facilities (Merchant Identifiers or 'MIDs') increased by 29% to 11,683 at the end of December 2014. At December 2013, Tyro had 9,065 MIDs. Tyro continued to increase its presence in the hospitality and medical sectors, accounting for around 48% of its total MIDs;
- Increase in headcount underpinning its growth strategy. Tyro had 160 FTEs, up from 105 in December 2013, relocating in November from 125 York Street to leasing 3 floors at 155 Clarence Street to provide capacity for its current and projected growth;
- Shareholder equity increased to $28.0 million at 31 December 2014, up $3.5m from $24.4m at December 2013. The majority of the movement is attributed to the NPAT for the 2014 calendar year of $2.2m (being $1.2m for the 6 months to 30 June 2014 and $1.0m for the 6 months to 31 December 2014). The remainder increase in equity is mainly explained by the increase in the share-based payments reserve;

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- Net tangible assets ('NTA') increased to 10.0 cents per share, up 13.5% from 8.8 cents per share at December 2013[1]. The NTA has more than doubled in the last 5 years, increasing by a factor of 117%, reflecting a compound annual growth rate of 17% per annum over 5 years;
- The company has no concerns with capital adequacy under Basel III regime. With the current business plan Tyro contemplates a liquidity event over the next 4 year period in line with its growth strategy. Tyro had a prudential capital ratio of 137% at 31 December 2014.

Tyro in Numbers

	1HFY15	1HFY14	1HFY13	1HFY12	1HFY11
Revenue	$34.8m	$25.8m	$19.0m	$13.3m	$9.4m
Net profit/(loss) after tax[1]	$1.0m	$1.7m	$1.2m	($0.9)m	($1.1)m
Closing total equity	$28.0m	$24.4m	$13.2m	$11.4m	$9.9m
Closing NTA per share	10.0 cps	8.8 cps	4.9 cps	5.3 cps	4.6 cps
Closing active EFPOS facilities	11,683	9,065	7,310	5,521	3,884
Value of merchant transactions	$3.4b	$2.6B	$2.0B	$1.4B	$0.9B
Closing cash on hand[2]	$11.7m	$6.4m	$24.3m	$18.1m	$12.2m

Note: m - million, B - billion, cps - cents per share

Balance Sheet and Capital Management

Tyro continues to build on its Balance Sheet strength with a view to strategically optimising its financial position balancing commercial and regulatory requirements. A key aspect of Balance Sheet management looking forward is Tyro's compliance with the evolving liquidity regimes of the *Australian Prudential Regulation Authority ('APRA').*

Net assets (equity) strengthened by $3.5m between December 2014 and December 2013. As mentioned previously, the key drivers of these were:

- Increase in NPAT for the calendar year, contributing to lower accumulated losses. NPAT for the 6 months to June 2014 was $1.2m, and for the 6 months to December 2014 was $1.0m, contributing $2.2m to equity for the calendar year;
- Increase in the share based payments reserve of $0.9m between December 2013 and December 2014;
- Increase in the available for sale reserve of $0.1m between the two comparative periods;
- Additional $0.2m of contributed equity between the two comparative periods.

The shareholder loan of $2.5m at 31 December 2013 was paid out in full. The corresponding shareholder loan facility of $3.6m to be called upon in times of peak liquidity requirements was put in place on 19 November 2013 until 3 February 2015. There was no drawdown required over the 6 months reporting period,

1 Inclusive of share based payments

2 Both cash and payables declined significantly after the December 2012 reporting period due to the Bulk Electronic Clearing System ('BECS') multiple intraday settlements that went live in November 2013

including the Christmas trading period when Tyro processed a historical high of $36.5m in one day just before Christmas.

The current liquidity forecast indicates that we will need to renew the shareholder facility. For the funding of the $3.6 million, the Board would welcome wider participation from any shareholder, in minimum tranches of $500,000.

The other notable movement in the Balance Sheet was the increase in property, plant and equipment of $2.9m driven mainly by Tyro's move to its new premises at 155 Clarence Street.

Strategic Development

Tyro's strategic focus is to provide the small and medium business community with the most reliable, efficient, fully integrated credit and debit card acceptance solutions in partnership with the software industry. 124 software vendors are now certified with Tyro integrated IP EFTPOS.

Amendments to the Banking Regulations that mean that credit card issuing and acquiring will no longer be considered a banking business came into force on 1 January 2015. As a consequence, entities other than Authorised Deposit Taking Institutions ('ADIs') are now eligible to participate in the MasterCard and Visa credit card systems and the Specialist Credit Card Institution ('SCCI') as a special class of ADI has become defunct.

Tyro will remain an ADI having sought from APRA an authority to carry on banking business in Australia confined to the activities associated with credit card acquiring in any credit card schemes.

Tyro continues the migration of its terminal fleet to a new generation of contactless and 3G enabled EFTPOS devices. A new integrated private health funds claiming solution has been introduced to the ancillary health market and a first mobile payment solution is about to be launched.

Tyro's live-live data centre architecture delivered 100% core system availability. The system processed 1,200 transactions per minute in Christmas peak trading without service degradation.

Not one known data breach occurred with Tyro merchants who benefit from Tyro's unique secure PCI PA-DSS certified integration architecture.

Outlook

We expect further growth from allied health claiming, cloud and mobile solutions, software partnerships and our position in the small business community.

We will use the increasing gross margin to-reinvest into the build up of the professional staff so as to drive product development and transaction growth.

Please refer to the accompanying unaudited financial statements for the half year ended 31 December 2014 and previous corresponding periods.

Jost Stollmann, CEO

TYRO PAYMENTS LIMITED

ABN 49 103 575 042

INCOME STATEMENT

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014[1]

(amounts in thousands of dollars)	Notes	HY 2015	HY 2014	HY 2013	HY 2012	HY 2011
Revenue						
Fees and commission income		$ 33,792	$ 24,834	$ 18,196	$ 12,530	$ 8,780
Fees and commission expense		($ 18,676)	($ 13,724)	($ 10,523)	($ 7,828)	($ 5,524)
Net fees and commission Income		**$ 15,116**	**$ 11,110**	**$ 7,673**	**$ 4,702**	**$ 3,255**
Terminal and accessories sale		$ 502	$ 429	$ 348	$ 246	$ 345
Terminal and accessories COGS		($ 587)	($ 480)	($ 334)	($ 282)	($ 282)
Net terminal and accessories sale (expense)/income		**($ 85)**	**($ 51)**	**$ 14**	**($ 37)**	**$ 63**
Interest Income		$ 408	$ 382	$ 381	$ 385	$ 255
Other Income		$ 160	$ 144	$ 65	$ 170	$ 51
Total Operating income		**$ 15,599**	**$ 11,585**	**$ 8,132**	**$ 5,220**	**$ 3,625**
Less: Expenses						
Employee benefits expense	2	($ 9,622)	($ 6,382)	($ 4,461)	($ 4,154)	($ 2,962)
Administrative expenses		($ 3,540)	($ 2,079)	($ 1,813)	($ 1,355)	($ 1,084)
Depreciation		($ 1,030)	($ 561)	($ 484)	($ 464)	($ 431)
Interest Expense		($ 36)	($ 27)	($ 100)	($ 210)	($ 31)
Other Expenses		($ 23)	($ 6)	($ 14)	($ 20)	($ 5)
Non lending losses		($ 42)	($ 64)	($ 37)	($ 1)	($ 2)
Total operating expenses		**($ 14,293)**	**($ 9,119)**	**($ 6,909)**	**($ 6,203)**	**($ 4,515)**
Foreign currency gain/(loss)	3	$ 141	$ 31	($ 60)	$ 72	($ 242)
Operating profit/(loss) before tax expense		**$ 1,447**	**$ 2,497**	**$ 1,164**	**($ 911)**	**($ 1,131)**
Income Tax Expense	4	($ 434)	($ 749)	$ 0	$ 0	$ 0
Net income/(loss) for the year		**$ 1,013**	**$ 1,748**	**$ 1,164**	**($ 911)**	**($ 1,131)**

Notes

1 - The Income Statement presentation for Tyro Payments Limited has been revised for the 6 months to December 2014 to ensure consistency with its published annual reports. Prior half-year comparatives have been restated for consistency, where applicable.

2 - Amount includes Share-based payments expense of $436k for HY 2015 (HY 2014 - $215k).

3 - Foreign currency gains and losses mostly relate to a US Dollar collateral of $1.3m placed with Mastercard International.

4 - Losses from prior years have given rise to a Deferred Tax Asset ('DTA') recorded on Tyro's Balance Sheet. The carrying value of this DTA was $5.1m at 31 December 2014.

TYRO PAYMENTS LIMITED

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UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2014[1]

(amounts in thousands of dollars)	Notes	31 Dec 14	31 Dec 13	31 Dec 12	31 Dec 11	31 Dec 10
ASSETS						
Current Assets						
Cash and cash equivalents	2	$ 11,684	$ 6,443	$ 24,284	$ 18,071	$ 12,236
Trade and other receivables		$ 10,651	$ 15,447	$ 1,989	$ 2,193	$ 2,103
Prepayments		$ 1,050	$ 283	$ 241	$ 129	$ 99
Inventories		$ 692	$ 316	$ 384	$ 144	$ 108
Total Current Assets		**$ 24,077**	**$ 22,489**	**$ 26,898**	**$ 20,537**	**$ 14,546**
Non-current Assets						
Available-for-sale investment		$ 545	$ 412	$ 207	$ 120	$ 127
Property, plant and equipment	3	$ 5,016	$ 2,114	$ 1,787	$ 1,617	$ 1,410
Deferred Tax Assets		$ 5,141	$ 5,748	$ 0	$ 0	$ 0
Total Non-current Assets		**$ 10,702**	**$ 8,274**	**$ 1,994**	**$ 1,738**	**$ 1,538**
TOTAL ASSETS		**$ 34,779**	**$ 30,763**	**$ 28,892**	**$ 22,275**	**$ 16,084**
LIABILITIES						
Current Liabilities						
Trade payables and other liabilities	2	$ 5,605	$ 2,959	$ 9,559	$ 7,975	$ 3,445
Interest-bearing loans	4	$ 0	$ 2,500	$ 5,500	$ 2,488	$ 2,500
Provisions		$ 758	$ 537	$ 377	$ 331	$ 285
Total Current Liabilities		**$ 6,363**	**$ 5,996**	**$ 15,436**	**$ 10,794**	**$ 6,230**
Non - current Liabilities						
Employee benefit liabilities		$ 457	$ 356	$ 236	$ 106	$ 0
Total Non - current Liabilities		**$ 457**	**$ 356**	**$ 236**	**$ 106**	**$ 0**
TOTAL LIABILITIES		**$ 6,820**	**$ 6,352**	**$ 15,672**	**$ 10,900**	**$ 6,230**
NET ASSETS		**$ 27,959**	**$ 24,411**	**$ 13,220**	**$ 11,375**	**$ 9,853**
EQUITY						
Contributed equity		$ 33,932	$ 33,693	$ 33,201	$ 30,401	$ 30,401
Reserves		$ 8,747	$ 7,617	$ 7,279	$ 9,709	$ 6,516
Retained earnings		($ 14,720)	($ 16,899)	($ 27,260)	($ 28,734)	($ 27,064)
TOTAL EQUITY		**$ 27,959**	**$ 24,411**	**$ 13,220**	**$ 11,375**	**$ 9,853**

Notes

1 - The Balance Sheet classification of accounts for Tyro Payments Limited has been revised as at 31 December 2014 to ensure consistency with its published annual reports. Prior half-year comparatives have been restated for consistency, where applicable.

2 - Both cash and payables declined significantly after the December 2012 reporting period due to the Bulk Electronic Clearing System ('BECS') multiple intraday settlements that went live on November 2013.

3 - Increase in property, plant and Equipment is mainly attributable to the relocation to 155 Clarence Street, Sydney.

4 - The shareholder loan at December 2013 was paid out in full 2014 and no further drawdown was required at 31 December 2014. The shareholder loan facility of $3.6m continues to be in place at balance date for contingent liquidity requirements over peak trading periods.